

MICHIGAN CARPENTERS' FRINGE BENEFIT FUNDS

Michigan Carpenters' Health Care Fund
Michigan Carpenters' Pension Fund
Michigan Carpenters' Apprenticeship & Training Fund

September 2009

IMPORTANT NOTICE

TO: ALL PARTICIPANTS IN THE MICHIGAN CARPENTERS' HEALTH CARE FUND

RE: SUMMARY OF MATERIAL MODIFICATIONS FOR:

Office Visit Co-Payment
Chiropractic Visit Co-Payment
Prescription Drug Program
Flex Benefits
Maximum Dollar Bank
Retiree Opt Out Provisions

Dear Participant:

As you know, we carefully monitor health care cost increases and their impact on your Fund. We have also monitored the significant reduction in hourly contributions to the Fund, which is a direct result of the dramatic slow down in work.

Predictably, these expense increases and the drop in the contributions have strained the Fund's finances. So, we've taken additional steps to protect your Fund and benefits.

Below, we explain the necessary and unavoidable changes we've made in Fund benefits and eligibility rules. These changes, *all of which become effective October 1, 2009*, are as follows:

1. Office Visit Co-Payment

The office visit co-payment will now be *twenty dollars (\$20.00)* per visit. Currently, the office visit co-payment is ten dollars (\$10.00) per visit.

2. Chiropractic Visit Co-Payment

A co-payment of *twenty dollars (\$20.00)* will now apply to all chiropractic spinal manipulations. Currently, there is no co-payment for chiropractic spinal manipulations.

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3. The Prescription Drug Program

The Triple-Tier Formulary

Your prescription drug benefit will now follow the Blue Cross Blue Shield of Michigan (BCBSM) Custom Formulary. A formulary is simply a regularly-updated list of Federal Drug Administration (FDA)-approved drugs.

The Formulary, which favors and encourages the use of generic drugs, is divided into three (3) tiers:

Tier 1 – Generic Drugs

Tier 2 – Formulary Brand Drugs

Tier 3 – Non-Formulary Brand Drugs

For a complete list of drugs included in BCBSM's Custom Formulary, visit **bcbsm.com** and click on "*I am a member.*"

This use of the Formulary impacts the amount of your co-payment. It may also result in an **additional charge** if a generic drug is available but your doctor writes your prescription as "dispense as written" (DAW).

Generally, your co-payment amount is lowest (**\$20.00**) for generic drugs (Tier 1 – Generic), higher (**\$40.00**) for preferred brand-name drugs (Tier 2 – Formulary brand), and highest (**\$60.00**) for Non-Formulary brand name drugs (Tier 3 – Non-Formulary).

If your doctor writes "dispense as written" (DAW) on your prescription, and a generic drug is available, you must pay the higher co-payment (for the brand name drug) **and** you must also pay the difference between the cost of the generic drug and brand name drug.

Life Style Drugs

Life Style drugs, *e.g.*, Viagra, Cialis, smoking-cessation and weight-reduction drugs, will be reimbursed at fifty-percent (50%) of the BCBSM approved amount.

4. Flex Benefits

Effective October 1, 2009, the maximum Flex Benefit per family will be five hundred dollars (**\$500.00**). The current Flex Benefits provide for a maximum benefit per family of seven hundred and fifty dollars (\$750.00). This benefit is based upon a fiscal year which is September 1st through August 31st. (**Remember:** the Flex Benefit is only available to Medicare-eligible participants and Medicare-eligible widows and only provides prescription drug benefits).

5. Maximum Dollar Bank

Effective with the work month of October 2009, the maximum dollar bank will now be eleven (11) months. Currently, the maximum dollar bank is twelve (12) months.

But, those participants that have already reached the maximum dollar bank of twelve (12) months will retain their twelve (12) months of bank unless or until they use them for eligibility. Once used, your dollar bank can now only increase to the new maximum of eleven (11) months.

6. Retiree Opt Out Provisions

Retired participants and their dependents, who have dropped Fund coverage, will not be reinstated at a later date back into the Fund. This bar against reinstatement applies even if you dropped Fund coverage because you and your spouse had coverage elsewhere, *e.g.*, from your spouse's employer. So, if you are a retiree, you should carefully consider any decision to discontinue your Fund coverage.

If you have any questions regarding these changes, please contact the Fund Office.

Sincerely,

Michigan Carpenters' Health Care Fund
Board of Trustees